



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 11, 1991

Mr. Dave Wolfe
Assistant Treasurer
Hecla Mining Company
6500 Mineral Drive
Box C-8000
Coeur d'Alene, Idaho 83814-1931

Dear Mr. Wolfe:

Re: Escalante Mine Reclamation Surety and Review of Self Bond Application, Hecla Mining Company, M/021/004, Iron County, Utah

The Self Bond Application submitted by Hecla Mining Company (Hecla) on December 10, 1990, is still under review by the Division. A financial evaluation of the package has been performed by our auditing staff. The technical review staff is evaluating the remaining reclamation liabilities at the Escalante site including the recent tailings impoundment reclamation plan. A reclamation estimate will be prepared and this figure will be compared with the \$181,500 amount submitted with Hecla's self bonding application.

Unfortunately, our evaluation will not be completed in time to enable us to present Hecla's self bond proposal to the Board during the January 24th hearing. We anticipate finalizing our review by the end of January 1991. If the proposed reclamation surety of \$181,500 is determined adequate, we will then seek the Board's concurrence and approval of the self bond application during the February 28, 1991 Board Hearing.

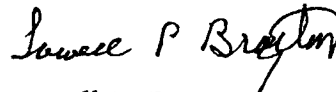
Because the Board has not yet approved of the self bond proposal, and Hecla's original \$119,574 (1980 dollars) reclamation surety has expired, there is presently no surety in effect for this mine. This is a direct violation of the Mined Land Reclamation Act. Therefore, it will be necessary for Hecla to immediately post a temporary, interim reclamation surety with this Division. The replacement surety amount must be for \$181,500 (1995 dollars) and be in a form other than a self bond.

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Should the Board approve of Hecla's proposed self bond agreement, then the interim surety will be returned to Hecla. However, the Division will not recommend a change to a self bond form of surety from the present unbonded situation.

Please act on posting the interim surety as expeditiously as possible. We will provide you with the necessary surety forms once you decide upon the desired form of replacement surety. Thank you for your understanding and cooperation in this matter. Please contact me, Wayne Hedberg, or Holland Shepherd if we can provide assistance in this matter.

Sincerely,



Lowell P. Braxton
Associate Director, Mining

jb
cc: Tom Mitchell, AAG
Minerals staff
MNM021004.